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20 September 1960

BACKGROUND

GERMAN TRADE FIGURES

- I. West German shipments to East Germany have amounted to less than 2 percent of the Federal Republic's total exports during the last three years, reaching peak value in 1959 of \$256,800,000, of which around \$50,000,000 consisted of iron and steel products.
- II. For East Germany, however, this represents over 10 percent of imports. More important, the commodities involved are of critical importance to the East German economy, notably high grade steel and chemical machinery.
 - A. A cut-off of this trade--if wholeheartedly supported by NATO--could seriously disrupt East German industry.
 - B. In addition, halting of East German freight transitting West Germany would require circuitous and costly rerouting.
- III. West German industrial circles fear East Germany might retaliate against an embargo of trade with East Germany by cutting off West Berlin's supply lines from West Germany, over which more than one and one-half billion dollars worth of goods were brought to the city last year.

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